

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

**IN THE MATTER OF: BARRY CHESSICK;
NANCY J. SERTICH KENNEDY; ANNE CHESSICK;
AND LAKELAND SHORES LLC.**

File No. C0800567

NOTICE OF HEARING

TO THE RESPONDENTS: LAKELAND SHORES LLC
c/o Anne Chessick
3149 Dundee Road, Ste. 180
Northbrook, Illinois 60062

BARRY CHESSICK
3609 Pebble Beach Road
Northbrook, Illinois 60062

ANNE CHESSICK
3149 Dundee Road, Ste 180
Northbrook, Illinois 60062

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on November 12, 2009 at the hour of 10:00 a.m. or as soon as possible thereafter, before James Kopecky or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered prohibiting Barry Chessick, Anne Chessick and Lakeland Shores LLC, from offering, advising the sale of, and selling securities in the State of Illinois, and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. Lakeland Shores LLC ("Respondent Lakeland" or collectively with Respondents A. Chessick, B. Chessick and Kennedy, "Respondents") was an Illinois Limited Liability Company. Its last known address is 3149 Dundee Road, Ste. 180, Northbrook, Illinois 60062.
2. Anne Chessick ("Respondent A. Chessick" or collectively with Respondents Lakeland, B. Chessick and Kennedy, "Respondents") was the sole manager of Respondent Lakeland at all relevant times herein. Her last known address is 3149 Dundee Road, Ste. 180, Northbrook, Illinois 60062.
3. Barry Chessick ("Respondent B. Chessick" or collectively with Respondents Lakeland, A. Chessick and Kennedy, "Respondents") is a salesperson of Respondent Lakeland at all relevant times herein. His last known address is 3609 Pebble Beach Road, Northbrook, Illinois 60062.
4. Nancy J. Sertich Kennedy ("Respondent Kennedy" or collectively with Respondents Lakeland, A. Chessick and B. Chessick, "Respondents") is a salesperson of Respondent Lakeland at all relevant times herein. Her last known address is 18 W 432 91st Street, Lamont, Illinois 60439.
5. That on March 7, 2006, the Secretary of State entered an order against Respondent B. Chessick temporarily prohibiting Respondent B. Chessick from offering or selling securities to or from the State of Illinois, pursuant to Section 11.F of the Act, case file C0500332.
6. Between June 2006 and June 2007, Respondent Lakeland issued promissory notes that promised investors 50-75 percent rates of return due within one year of the investment ("Notes" or "Note"). Respondent B. Chessick and Kennedy sold the Notes for the stated purpose of raising \$1.5 million for the development and purchase of a 42-acre parcel located in New Buffalo Township, Michigan.

BACKGROUND FACTS COMMON TO ALL COUNTS

7. Investor DG, Investor RG, Investor CS and Investor DM are residents of the State of Illinois.
8. Prior to Summer 2006, on behalf of Respondent Lakeland, Respondent B. Chessick offered Investor DM a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
9. In October 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$30,000 75% Note to Investor DM, with

principal and interest due in one year. In exchange, DM gave them a check for \$30,000.00.

10. In October 2006, on behalf of Respondent Lakeland, Respondent B. Chessick offered Investor DG a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
11. On or about November 20, 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$100,000.00 75% Note to Investor DG, with principal and interest due in one year. In exchange, DG gave Respondents a check for \$100,000.00, made payable to Respondent Nancy Kennedy.
12. In November 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy offered RG a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
13. On or about November 14, 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$20,000.00 75% Note to RG's mother, Investor RS, with principal and interest due in one year. In exchange, RG gave them a check for \$20,000.00, payable to Lakeland Shores, LLC.
14. In late 2006, on behalf of Respondent Lakeland, Respondent B. Chessick offered Investor CS a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
15. On or about November 21, 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$100,000.00 75% Note to Investor CS, with principal and interest due in one year. In exchange, CS gave them a check for \$100,000.00.
16. On or about December 28, 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy offered Investor SD a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
17. On or about December 28, 2006, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$50,000.00 75% Note to Investor SD, with principal and interest due in one year. In exchange, SD gave them a check for \$50,000.00.
18. In late 2006, on behalf of Respondent Lakeland, Respondent Kennedy offered Investor JH a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.

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19. On or about January 6, 2007, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$25,000.00 75% Note to Investor JH, with principal and interest due in one year. In exchange, JH gave Respondents a check for \$25,000.00.
20. On or about January 26, 2007, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a second \$25,000.00 75% Note to Investor JH, with principal and interest due in one year. In exchange, JH gave them a check for \$25,000.00.
21. In early 2007, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy offered Investor DW a Note, which promised to pay a 75% rate of return, due in one year from the date of the investment.
22. In February 2007, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$25,000.00 75% Note to Investor DW, with principal and interest due in one year. In exchange, JH gave them a check for \$25,000.00.
23. In April 2007, on behalf of Respondent Lakeland, Respondent B. Chessick offered Investor DB a Note, which promised to pay a 50% rate of return, due in one year from the date of the investment.
24. On or about May 1, 2007, on behalf of Respondent Lakeland, Respondents B. Chessick and Kennedy sold a \$100,000.00 50% Note to Investor DB, with principal and interest due in one year. In exchange, DB gave them a check for \$100,000.00, made payable to Respondent Kennedy, as instructed by Respondents B. Chessick and Kennedy.
25. To date, despite demands, the Respondents have failed to pay the investors their principal and interest, pursuant to the terms of the Notes.
26. To date, despite demands, Investors have not received any monies back from their investments, pursuant to the terms of the Notes.
27. That the activities set forth in paragraphs above constitute the offer and sale of Notes, and therefore a security, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

COUNT I

**815 ILCS 5/12.A and D violations: Respondents offered and sold
unregistered securities.**

- 1-27. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 27 above, as paragraphs 1 through 27 of this Count I.
28. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act."
29. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
30. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
31. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
32. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

COUNT II

**815 ILCS 5/12.C violations: Respondents are
unregistered salespersons.**

- 1-27. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 27 of Count I, as paragraphs 1 through 27 of this Count II.
28. The Activities of Respondent B. Chessick and Respondent Kennedy at paragraphs 8-24 constitute the activities of a salesperson as defined at Section 2.9 of the Act.

29. Section 12.C of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "act as a dealer, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act."
30. Section 8 of the Act provides, inter alia, that except as otherwise provided, every dealer, limited Canadian dealer, salesperson investment adviser, and investment adviser representative shall be registered as such with the Secretary of State.
31. The facts alleged in paragraphs 1 through 28, demonstrate that Respondents B. Chessick and Kennedy violated Section 12.C of the Act. In particular: Respondents B. Chessick and Kennedy failed to file an application for registration as a salesperson with the Secretary of State, pursuant to Section 8 of the Act prior to the sale of securities to investors.
32. By virtue of the foregoing, Respondents B. Chessick and Kennedy violated Section 12.C of the Act.

COUNT III

815 ILCS 5/12.D violations: Respondent failed to comply with previous order of the Department.

- 1-27. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 27 of Count I, as paragraphs 1 through 27 of this Count III.
28. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
29. The facts alleged in paragraphs 1 through 28, demonstrate that Respondent B. Chessick violated Section 12.D of the Act. In particular: Respondent B. Chessick, in the offering and selling of Notes to investors violated the terms of a Temporary Order of Prohibition entered on March 7, 2006, against Respondent B. Chessick that temporarily prohibited Respondent B. Chessick from offering or selling securities to or from the State of Illinois.
30. By virtue of the foregoing, Respondent B. Chessick violated Section 12.D of the Act.

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You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be requested by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 14th day of September 2009.

15th



JESSE WHITE
Secretary of State
State of Illinois

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